

# HOUSE BILL REPORT

## HB 1659

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**As Reported by House Committee On:**  
Local Government  
Finance

**Title:** An act relating to modifying dates related to the application due date for health sciences and services authorities and their sales and use tax authority.

**Brief Description:** Modifying dates related to the application due date for health sciences and services authorities and their sales and use tax authority.

**Sponsors:** Representatives Corry, Riccelli, Dufault, Dent, Mosbrucker, Chandler, Ybarra and Ormsby.

**Brief History:**

**Committee Activity:**

Local Government: 2/8/19, 2/22/19 [DPS];

Finance: 2/26/19, 1/30/20, 2/10/20 [DP2S(w/o sub LG)].

**Brief Summary of Second Substitute Bill**

- Changes applicable dates related to a Health Sciences and Services Authority's (Authority) application and ability to impose a sales and use tax from 2010 to 2019.
- Requires an authority formed after January 1, 2010, to submit a report to the Legislature prior to collecting the Authority sales and use tax.
- Requires at least one board member be a representative from an Indian tribe located in or near the Authority's boundaries for an Authority formed after January 1, 2010.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Appleton, Goehner and Senn.

**Staff:** Robbi Kesler (786-7153).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

A city or county may establish a Health Sciences and Services Authority (Authority) to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

The local government must establish the Authority by ordinance or resolution. At a minimum, the ordinance or resolution must:

- specify the powers to be exercised;
- reserve the local government's right to dissolve the Authority after contractual obligations have expired;
- establish an administrative board;
- establish the Authority's boundaries;
- ensure that private and public funds will be segregated;
- establish investment guidelines;
- provide requirements for auditing the Authority's records; and
- require the local government's legal counsel to provide legal services to the Authority.

An Authority has all the general powers necessary to carry out its purposes and duties, such as make and execute agreements and contracts, establish special funds, hire staff, leverage the Authority's public funds with moneys received from other public and private sources, hold funds received by the Authority in trust, and make grants to entities to promote bioscience-based economic development.

The Student Achievement Council is responsible for approving or rejecting applications submitted by local governments for an area's designation as an Authority. Applications to establish an Authority were due by December 31, 2010. There is a limit of two Authorities state wide which may only be created east of the Cascade Mountains in a county with a population of less than one million.

An Authority is overseen by a board with no more than 14 members. Board members must have some experience with the mission of the Authority. The board members must be appointed as follows:

- the Governor must appoint three members;
- the county legislative Authority in which the Authority resides must appoint three members;
- the mayor of the city in which the Authority is created, or the mayor of the largest city within the Authority if created by a county, must appoint three members; and
- up to five additional members may be appointed by the board.

The legislative authority of a local jurisdiction that has created an Authority, prior to January 1, 2010, may impose a sales and use tax. The tax is in addition to other taxes authorized by law and collected from those persons who are taxable by the state. The rate of the tax must not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax. The tax imposed is deducted from the amount of tax otherwise required to be collected or paid over to the Department of Revenue.

**Summary of Substitute Bill:**

The bill changes the date applications are due to the Student Achievement Council from December 31, 2010, to December 31, 2019.

The bill changes the date Authorities must be created, in order to impose a sales and use tax from January 1, 2010, to January 1, 2019.

Authorities formed after January 1, 2010, to submit an expenditure plan to the Legislature prior to the first day of the next scheduled regular session of the Legislature and may not begin collecting the Health Sciences and Services Authority sales and use tax prior to 90 days following the end of the legislative session for which the report was submitted. The report must include the Authority's funding distribution plan and explain how the activities supported by the tax will address health disparities experienced by populations within the jurisdiction, including migrant populations and members of federally recognized Indian tribes.

A board of an Authority formed after January 1, 2010, must include at least one representative from an Indian tribe located in or near the authority's boundaries.

**Substitute Bill Compared to Original Bill:**

The substitute bill adds the requirement that an Authority formed after January 1, 2010, submit a report to the Legislature prior to collecting the Authority sales and use tax, and adds the provision for a board of an Authority formed after January 1, 2010, to include at least one representative from an Indian tribe located in or near the Authority's boundaries.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This would be very beneficial to Yakima County and would allow for progress to be made related to rural health needs. The partnerships currently available in Yakima are ready to work together to look at ways to address reaching underserved populations and how to bring technologically advanced healthcare to rural settings. This bill provides a common sense tool to Yakima County and will have significant impacts by providing dollars to look at addressing the health needs of the uninsured and underinsured. There is a real need for expanded access to healthcare in the Yakima region. This program has been successful for the other Health Sciences and Services Authority in the state and Yakima is asking to be allowed to form its own authority.

(Opposed) None.

**Persons Testifying:** Representative Corry, prime sponsor; Hanna Jones, Yakima County; Andre Fresco, Yakima Health District; and Dave Knutson, Pacific Northwest University.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government. Signed by 12 members: Representatives Tarleton, Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Young, Assistant Ranking Minority Member; Chapman, Frame, Macri, Orwall, Springer, Stokesbary, Vick and Wylie.

**Staff:** Tracey O'Brien (786-7152).

### **Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:**

The dates for the application deadline and the Health Sciences and Services Authority (Authority) creation are updated to 2020. In addition, an emergency clause is added making the bill effective immediately.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested February 10, 2020.

**Effective Date of Second Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

### **Staff Summary of Public Testimony:**

(In support) Yakima County is the second largest county in Washington geographically, but is the third poorest county. The many agricultural workers in Yakima have a difficult time accessing health care. The main hospital in Yakima just closed and the remaining hospital has one of the busiest emergency rooms in the state. This legislation will allow the county to create a new way to address medical services in the county. The county can leverage the Authority funds to create a clinic, sponsor medical residents, and take other steps to decrease medical costs and meet the community's medical needs. There will also be additional tools through a Authority to help retain qualified medical staff in this underserved rural area. Finally, this will allow for a regional systematic solution; however, the bill contains a tight application deadline for the Authority and an emergency clause might be helpful.

(Opposed) None.

**Persons Testifying:** Representative Corry, prime sponsor; Ron Anderson and Josh Weiss, Yakima County; Andre Fresco, Yakima County Board of Health; and David Knutson, Pacific Northwest University of Health Sciences.

**Persons Signed In To Testify But Not Testifying:** None.